2008 discharge: Community Fisheries Control Agency CFCA

2009/2130(DEC) - 08/10/2009

PURPOSE: to present the report by the Court of Auditors on the 2008 annual accounts of the Community Fisheries Control Agency (CFCA).

CONTENT: in the Court's opinion, the Agency's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. The transactions underlying the Agency's annual accounts for the financial year ended are, in all material respects, legal and regular.

The Court of Auditor's report includes a detailed section on the Agency's expenditure and an analysis of the expenditure, as well as the Agency's replies.

- **The Court's analysis of the accounts**: in its report, the Court makes a number of observations in particular as regards the financial and budgetary management. The Court states that the procedures for drawing up the budget were not sufficiently rigorous and led to a significant number of budgetary transfers. Some of these transfers led to successive increases and decreases in the same budgetary lines. This situation indicates weaknesses in the programming of the Agency's activities and was at odds with the principle of specification. Contrary to the rules in force, the Administrative Board was not requested to authorise the transfers when required or informed about them. The Court states that in four cases, the legal commitments were made before the corresponding budgetary commitments and at the year end EUR 200 000 relating to lapsed operations were carried forward without justification. In seven cases, legal commitments were not covered by budgetary commitments. In addition, the Court notes that the Agency does not prepare a multi-annual work programme. A multiannual programming document is necessary to organise the implementation of the Agency's strategy and its goals. The introduction of an activity-based budgeting system would make it easier to establish a clear link between the work programme and the financial forecasts. Lastly, staff recruitment was made at a more rapid pace than initially expected. As this situation was not taken into account in the forecasts for the 2009 budget, this latter underestimated by more than 35% (approximately EUR 1.3 million) appropriations necessary for salary expenditure. The monitoring of the budget execution should be improved
- **The Agency's replies**: the Agency states that it will continue its effort to improve its budgetary planning and monitoring and consequently to reduce the number of budgetary modifications. It stresses that due to the relocation to CFCA's final location, 2008 has been a particular difficult year for budgetary planning. The Agency also implemented in January 2009 a structured reporting method which allows better monitoring of the budget. The Agency will take additional measures to reinforce the control over the budgetary commitments. Moreover, it states that it will decentralise the financial workflow, provide additional training to the project managers and other relevant staff and will organise regular budget planning and monitoring meetings. The annual Work Programme and multi-annual programming will be further developed in accordance with the Administrative Board Mid-Term strategy and considering the outcome of the debate on the Control regulation at Council level. Also, CFCA is developing an evaluation system for its activities based upon Key Performance Indicators that were for the first time introduced in the 2009 Work Programme. Lastly, the Agency has further strengthened the planning and monitoring of its budget. In this respect new /management reports which allow continuous monitoring of budgetary execution have been introduced in 2009.